

ORIGINAL



0000166440

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

RECEIVED

Arizona Corporation Commission

DOCKETED

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

OCT 28 2015 P 2:48

OCT 28 2015

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	
Km	WJ

IN THE MATTER OF THE APPLICATION OF
GOLDEN SHORES WATER COMPANY FOR
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-01815A-14-0173

PROCEDURAL ORDER

BY THE COMMISSION:

On June 2, 2014, Golden Shores Water Company, Inc. ("Golden Shores" or "Company") filed with the Arizona Corporation Commission ("Commission") an application¹ for a determination of the fair value of its plant and property for the provision of public utility service and for an increase in its rates and charges for water utility service based thereon ("Rates Docket").² Golden Shores' application used a test year ("TY") ending December 31, 2013. Golden Shores' customers are almost exclusively residential customers served by 5/8" x 3/4" water meters.

On June 10, 2014, one customer comment in opposition to the application was docketed.

On June 11, 2014, Golden Shores filed a request for a one time waiver to file its rate application for a water utility classes D&E, with revenues less than \$250,000, citing lack of funds to file a rate case for a Class C Utility.

One customer comment in opposition to the application was docketed on each day of June 17, 2014, June 19, 2014, and June 23, 2014.

On July 1, 2014, the Commission's Utilities Division ("Staff") issued a Letter of Deficiency.

On July 2, 2014, one customer comment in opposition to the application was docketed.

¹ Golden Shores completed a rate application for water companies with annual gross operating revenues of less than \$250,000.

² In Decision No. 74168 (October 25, 2013), Golden Shores was ordered to file an application for a permanent rate increase no later than May 30, 2014.

1 On August 14, 2014, Staff filed a Letter of Sufficiency indicating that Golden Shores'
2 application had met the sufficiency requirements outlined in Arizona Administrative Code ("A.A.C.")
3 R14-2-103, and classifying Golden Shores as a Class C Utility.

4 On August 20, 2014, a Procedural Order was issued scheduling an evidentiary hearing to
5 commence on February 10, 2015, and requiring the filing of direct testimony and responsive testimony
6 by December 26, 2014 and January 12, 2015, respectively, and other procedural deadlines were
7 established.

8 Between September 29, 2014 and October 8, 2014, four consumer comments in opposition to
9 the application were docketed.

10 On October 9, 2014, Golden Shores filed an Affidavit of Mailing stating that the prescribed
11 customer notice had been mailed on September 17, 2014.

12 On October 14, 2014, Golden Shores filed an Affidavit of Publication showing that the
13 prescribed customer notice had been published in the October 2014 edition of the *Topock Topics*, a
14 monthly newsletter of general circulation in Golden Shores' service area.

15 On December 10, 2014, Staff filed a Motion to Suspend Timeclock stating that through the
16 course of discovery, Staff learned that Golden Shores needed to file an application for the approval of
17 financing. Staff stated the financing application should be filed before Staff filed its direct testimony
18 in the rate case and, as a result of that delay, Golden Shores would need to update the TY for its
19 permanent rate application, from a TY ending December 31, 2013 to a TY ending December 31, 2014.
20 The updated application would require Golden Shores to submit 2014 bill counts for all meter sizes,
21 2014 balance sheet and income statements, as well as other updated 2014 data. Staff believed Golden
22 Shores would need six months to provide the additional information, which should be accomplished
23 by June 30, 2015. Therefore, Staff requested that the timeclock in this docket be suspended, and that
24 the timeclock be reinstated upon Golden Shores' filing of updated TY information and Golden Shores'
25 filing a financing application.

26 On December 12, 2014, Staff filed a supplement to its motion, correcting a typographical error
27 and indicating that Golden Shores supported Staff's proposed suspension of the timeclock.
28

1 On December 16, 2014, by Procedural Order, the procedural schedule was vacated and the
2 timeclock was suspended.

3 Effective January 16, 2015, per the Notice of Final Rulemaking, A.A.C. R14-2-103 was
4 amended by, among other items, updating the annual in-state operating revenue thresholds that classify
5 utilities as A, B, C, D, or E.

6 On February 10, 2015, the hearing convened for purposes of taking public comment only.

7 On May 26, 2015, Golden Shores filed its financing application in Docket No. W-01815A-15-
8 0166 ("Finance Docket").

9 On July 9, 2015, Golden Shores filed its Amended Rate Application with a TY of 2014,
10 reporting total annual operating revenues of \$677,935.58 if the Company's requested revenue increase
11 is approved by the Commission. Such annual operating revenues, inclusive of the requested rate relief,
12 would render Golden Shores a Class D Utility under the new rules.

13 On July 21, 2015, one customer comment in support of the application was docketed.

14 On August 7, 2015, Staff issued a Letter of Deficiency regarding the Amended Rate
15 Application.

16 On September 3 and September 30, 2015, Golden Shores filed its responses to Staff's Data
17 Requests.

18 On October 5, 2015, Staff filed its Motion to Reinstate the Timeclock.

19 On October 9, 2015, by Procedural Order, a procedural conference was scheduled for October
20 22, 2015, to discuss Staff's Motion to Reinstate the Timeclock as well as whether the current version
21 of A.A.C. R14-2-103 should apply to Golden Shores' Amended Rate Application, negating the
22 requirement for a hearing, or whether the application should be processed under the rules that were
23 effective at the time the original rate application was filed, necessitating an evidentiary hearing.

24 On October 20, 2015, Golden Shores filed a request to appear telephonically ("Request") for
25 the October 22, 2015 procedural conference, stating that the cost of travel to the procedural conference
26 and the need for immediate repairs to a well prohibited a Company representative from attending in
27 person. The Request also stated that Staff had no objection to Golden Shores appearing telephonically.

28 On October 20, 2015, by Procedural Order, Golden Shores' Request was granted.

1 On October 22, 2015, a procedural conference was held as scheduled at the Commission's
2 offices in Phoenix, Arizona. Golden Shores was represented by Eileen Sparks, its Secretary, who
3 verified she had authority to represent the Company. Staff appeared through counsel. Golden Shores
4 and Staff both supported proceeding with the matter under the new classifications in A.A.C. R14-2-
5 103 in which Golden Shores would be considered a Class D utility, thereby negating the need for a
6 hearing. However, Staff expressed concern over the shorter timeframe due to current workload and
7 asked for an additional 60 days to process the application. Ms. Sparks did not express opposition to
8 Staff's request for additional time. Further, Staff supported consolidating the Rates Docket and the
9 Finance Docket while Ms. Sparks indicated Golden Shores may withdraw the financing application
10 because controllers were installed on Golden Shores' existing wells, increasing their efficiency. Ms.
11 Sparks stated it would be clear whether funding for a new well was needed within 30 days, at which
12 point Golden Shores would determine whether or not to withdraw its financing application. Ms. Sparks
13 further stated that consolidation of the dockets was preferred if Golden Shores determines to proceed
14 with the financing application. Staff said its engineer would review the efficiencies of Golden Shores'
15 wells when it conducts its site inspection.

16 At the procedural conference, the Administrative Law Judge indicated that there appeared to be
17 missing information from the rates and financing applications. Golden Shores agreed to keep the
18 timeclock suspended until responses to the items are docketed. The missing information is as follows:

- 19 • Mr. Sparks' signature on page 7 of the Amended Rate Application;
- 20 • Billing determinants for 1" and 2" meters;
- 21 • Corrections and/or explanations for 1" and 2" residential meter charges and ¾" residential and
22 commercial meter charges that don't match the minimum charges provided by Golden Shores;
- 23 • Clarification of different time periods used among the billing determinants and, once stated,
24 consistency among filings;
- 25 • Explanation of whether customers were charged the correct minimum charge throughout the
26 test year or whether the charges stated on Golden Shores' Amended Rate Application were
27 billed;
- 28

- 1 • Statement of whether the Company had Commission approval for two capital loans identified
- 2 in the Amended Rate Application and, if so, reference to the source of approval;
- 3 • Reason(s) for converting \$41,000 of advances in aid of construction to contributions in aid of
- 4 construction earlier than anticipated by A.A.C. R14-2-406(D);
- 5 • Identification of Golden Shores' commercial customer;
- 6 • Whether the Company's books and the information provided in its Amended Rate Application
- 7 are based on Income Tax or National Association of Regulatory Commissioners Uniform
- 8 System of Accounts; and
- 9 • Whether the amount Golden Shores seeks in its financing application includes funds for valves
- 10 and piping, in addition to funds for a replacement well and abandonment of two wells.

11 Staff was also requested to include several items of analysis in its Staff Report, including a cash
12 flow analysis; a schedule reconciling the accumulated depreciation balance in the prior rate case with
13 the amount Staff is recommending, if different from the Company's proposed accumulated
14 depreciation; a list of any amounts of net operating losses in the deferred income tax balance; and a
15 filing that includes a copy of the Water Infrastructure Finance Authority of Arizona's requirements for
16 the debt service charge ("DSC") calculation and the details of Staff's recommended DSC.

17 Given that the Amended Rate Application is effectively a new application, due to the change in
18 TY from the original filing date, it is reasonable to allow additional time for processing it as Staff
19 requests and to require the issuance of a new sufficiency letter.

20 IT IS THEREFORE ORDERED that Golden Shores shall file in this docket, by December 1,
21 2015, either (1) a request to consolidate this docket with Docket No. W-01815A-15-0166, or (2) a
22 notice that it has filed, in Docket No. W-01815A-15-0166, a request to withdraw its financing
23 application.

24 IT IS FURTHER ORDERED that the timeclock in this matter remains suspended.

25 IT IS FURTHER ORDERED that Staff shall file a new sufficiency letter regarding the
26 Amended Rate Application upon receipt from the Company of the information described above. The
27 date of that filing shall serve as the basis for resuming the timeclock in this matter.
28

1 IT IS FURTHER ORDERED that Golden Shores' Amended Rate Application shall be
2 processed as a Class D application, pursuant to revised rule A.A.C. R14-2-103, and no hearing shall be
3 required unless determined necessary by the Administrative Law Judge upon review of the Amended
4 Rate Application Staff Report.

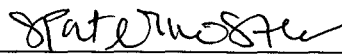
5 IT IS FURTHER ORDERED that, pursuant to Golden Shores' consent, the timeclock
6 requirements set forth in A.A.C. R14-2-103 are waived and Staff shall be accorded 135 days from
7 sufficiency to issue its Staff Report and the overall timeclock shall be extended by 60 days accordingly.

8 IT IS FURTHER ORDERED that the Staff Report shall include Staff's analysis of the issues
9 listed above, except that if Golden Shores requests withdrawal of its financing application, no DSC
10 analysis is required.

11 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
12 Communications) applies to this proceeding and shall remain in effect until the Commission's Decision
13 in this matter is final and non-appealable.

14 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or
15 waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
16 hearing.

17 DATED this 20th day of October, 2015.


18
19
20 
21 SASHA PATERNOSTER
ADMINISTRATIVE LAW JUDGE

22
23 Copies of the foregoing mailed/delivered
this 20th day of October, 2015 to:

24 Mark Sparks
25 GOLDEN SHORES WATER COMPANY
26 P.O. Box 37
12812 Oatman Hwy.
Topock, AZ 86436
27
28

1 Janice Alward, Chief Counsel
Legal Division
2 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
3 Phoenix, AZ 85007

4 Thomas Broderick, Director
Utilities Division
5 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
6 Phoenix, AZ 85007

7
8 By: 
Tammy Valarde
9 Assistant to Sasha Paternoster